

20 APRIL 2023

COMMERCIAL STUDY GROUP

MSA Update



PROJECT SCOPE

To update the GIIGNL 2011 MSA Template for DES and FOB

- Offer the industry a harmonized frame for LNG spot transactions (MSA), which reflects the latest evolutions of the industry (including clauses on ESG requirements, commercial arbitrage opportunities, etc.) instead of having various players promote their own MSAs separately;
- The starting point will be the GIIGNL 2011 MSA Template, whereas input of commercial experts and available MSAs in public domain will be used to produce a credible MSA, to be widely accepted by the LNG industry;
- The intention is to publish the new MSA template 2023 on the GIIGNL website, similar to the existing MSA 2011 template



A REPRESENTATIVE GROUP OF GIIGNL MEMBERS



♦ Guillaume Servajean – Victoria Binavince



♦ Yoshito Sebe – Jeffrey Setiawan



♦ Encina Egidio Cantano



♦ Amar Salokhe – Siew-Chi Tan



♦ Hirofumi Sasaki – Mayumi Ikeda – Takuro Yamamoto



♦ Marc Ollevier – José de la Riva – Maria Hernandez



KEY ISSUES IDENTIFIED

Focus will be on following 10 critical issues (not ranked in priority), to be worked in detail through bilateral sessions

1. Commercial Arbitrage and wilful misconduct and aggregate liability cap ✓✓
2. Failure to deliver/ to take: cap should be market based (liability clause) ✓
3. Termination due to Events of Defaults
4. ESG / MRV/ GHG Neutral/ Offsetting provisor ✓
5. Statement of carbon content ✓
6. Transfer of title and risk, in relation to taxes ✓
7. Update ABC / AML / Sanction clause ✓
8. Safety - Vetting of LNG vessels ✓
9. Demurrage: reciprocity in case Seller causing demurrage (“Excess Berth Occupancy” Cost)
10. Operational tolerance (quantity settlement in line CN)

✓ = Bilateral meeting held

Note: other comments from November meeting are logged and will be incorporated in final draft, e.g. fax reference etc)



STRAIGHTFORWARD OTHER ISSUES

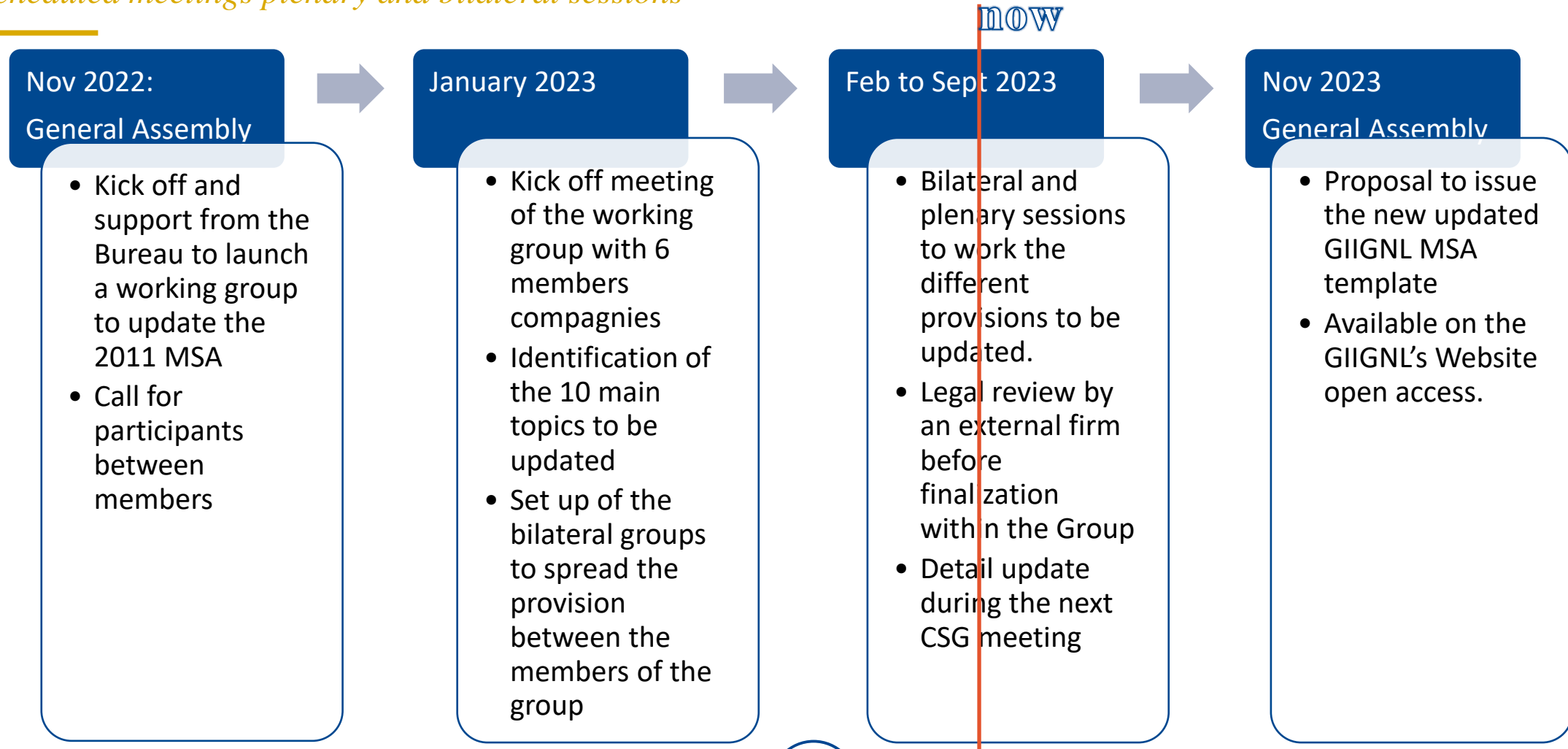
Important but less controversial issues will be covered in June (indicated in green)

GIIGNL MSA Template 2011 - Issue List	
CLAUSE SUBJECT	Items brought up CSG - November 2022
1. DEFINITIONS AND INTERPRETATION	"Full Cargo Lot" concept vs quantity to be determined in the CN
	Willful Misconduct and link with Failure to supply/take
	GHG content (Greenhouse content)
2. SALE AND PURCHASE	
3. QUANTITY AND UNLOADING SCHEDULE	Operational Tolerance
	"Full Cargo Lot" concept vs quantity to be determined in the CN
4. QUALITY	
5. SHIPPING AND RECEIVING FACILITIES	
6. SHIP MOVEMENT AND UNLOADING	
7. MEASUREMENT, SAMPLING AND TESTING	Add a Vetting Clause
8. TRANSFER OF TITLE AND RISK	Transfer of title
10. TAXES AND CHARGES	Interest rate (eg LIBOR to SOFR)
11. PERMISSIONS AND APPROVALS	
12. FORCE MAJEURE	
13. LIMITATION OF LIABILITY	FAILURE BY BUYER OR SELLER
	Willful Misconduct and link with Failure to supply/take
	FTD/FTT LD's: move toward MtM recovery
14. GOVERNING LAW AND ARBITRATION	Update reference to Incoterms
	ICC or LCIA for dispute resolution
	Commercial arbitration (willful misconduct)
15. SAFETY	
16. TERM	Termination clause and types of events of default
17. GENERAL	Update to the ABC/AML/Trade Controls/US Trade Controls language
	Take out reference to fax and telex (outdated)
	Business Practices: include ESG and Sanction Clause (ABC)
	ESG: TBD the merits of introducing ESG focused language
	Sanctions and Anti-Bribery



TIMELINE – A ONE YEAR WORKING GROUP JOB

Scheduled meetings plenary and bilateral sessions



AOB

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